INFORMATION LETTER

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HOUSE COMMITTEE REPORTS ON CAUSES OF THE SUGAR SHORTAGE AND RECOMMENDS MEASURES TO BE TAKEN

Proposes That Production, Pricing and Distribution Be under a Single Head

The report on the sugar situation by the Special Committee to Investigate Food Shortages, submitted to the House of Representatives by Chairman Clinton P. Anderson, presents comprehensive information on the critical sugar shortage and its causes, the allocation and distribution of supplies, and recommendations for action that will help to relieve the situation. Because the facts and recommendations in this report are of direct interest to all canners, and especially since Mr. Anderson has been named to succeed Claude R. Wickard as Secretary of Agriculture, the complete report is reprinted for their information. The report is signed by Chairman Anderson and Representative Stephen Pace of Georgia, Earle C. Clements of Kentucky, Martin Gorski of Illinois, August H. Andresen of Minnesota, Christian A. Herter of Massachusetts, and Hal Holmes of Washington. The report follows:

I. Present Situation

The preliminary report of the Committee to Investigate Food Shortages dealt principally with the meat supplies of the United States, but indicated that an immediate and pressing problem was the impending shortage of sugar and the possibility that figures heretofore released to the American public as indicative of the 1945 supply might have to be drastically revised and substantially reduced during the progress of the year.

This suggested to the committee the importance of an early exploration of the sugar situation in the hope that there might still be time for remedial action in the fields of production and distribution.

Since the total estimated supplies for 1945 include a mainland or continental United States production which the War Food Administration currently estimates at 1,640,000 tons, the committee has sought to secure adequate labor so that the sugar crop of the United States can be cultivated and harvested. Later herein the committee refers to the efforts it has thus far made to procure an adequate supply of labor so as to assure growers of sugar cane and beets that they will have sufficient help to bring their crops to maturity, and to make sure that there will be no reduction in the estimated domestic production.

The committee feels that the American public should have a clear understanding of what our 1945 consumption of sugar is likely to be as compared with our 1944 use. This is set forth in the following table:

	Actual consumption, 1944 [1]	Estimated, 1945
	Tons	*Tons*
United States civilians	6,154,900	5,000,000
United States military and war services	970,500	1,221,000
United States total, civilian and military	7,125,400	6,221,000

[1] This figure does not include 900,000 tons of sugar equivalent used in 1944 for the production of industrial alcohol in the making of synthetic rubber. Since grain is being substituted for sugar this year, the figure is omitted from the above table.

It will be noted that the military requirements have increased by about 250,000 tons, or approximately 26 percent, whereas the supply estimated to be available for civilians has decreased by 1,155,000 tons, or approximately 19 percent.

As will be pointed out later, there is some possibility that even the 5,000,000-

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Anderson Succeeds Wickard Jones Resigns from WFA

President Truman announced on Wednesday the appointment of Representative Clinton P. Anderson of New Mexico to succeed Claude R. Wickard as Secretary of Agriculture, Judge Lewis B. Schwellenbach of Washington to succeed Frances Perkins as Secretary of Labor, and Assistant Attorney General Tom C. Clark to succeed Attorney General Francis Biddle. He announced also the resignation of Judge Marvin Jones as War Food Administrator, who will return to his position on the United States Court of Claims. Secretary Wickard was named to head the Rural Electrification Administration.

These changes will become effective June 30, except that Secretary Wickard's resignation will be effective as soon as he is confirmed as administrator of the REA.

With the resignation of Judge Jones the work of the War Food Administration will be taken over by the Department of Agriculture, and will be directly under the control of the new secretary. Some reorganization of the department will necessarily follow.

Local Draft Boards Are Advised to Liberalize Occupational Deferments in 30-37 Age Groups, Review 18-25 Age Rejections

National Headquarters of Selective Service on May 22 announced that local boards are being requested to liberalize occupational deferments so as to reduce the total number of men to be inducted in the 30 through 37 year old group—particularly those who are fathers—and to review cases of registrants in the age group 18 through 25 who have heretofore been rejected for general military service or found qualified for limited service only, and forward for re-examination those whom they have reason to believe may qualify for military service. Full text of the memorandum which was sent the local boards follows:

1. *Changing conditions.* (a) The termination of the European War is resulting in material changes in the manpower situation both with respect to military personnel and war production. This necessitates revision of Local Board Memorandum No. 115, particularly with respect to registrants 18 through 29 who must be made available for military service in greater numbers, and registrants ages 30 through 33 and 34 through 37 who should be given greater consideration for occupational deferment. All of these changes cannot be made until more accurate information is available concerning the urgency of certain war production programs and services. The 42A Special (Revised) procedure will be substantially restricted in a new Local Board Memorandum No. 115 which is now in process of amendment and reissuance. Until that time such procedures will remain in full effect with no mandatory reopening of a registrant's case upon receipt of a certified Form 42A (Special-Revised).

(b) The Armed Forces have again stated that their need is for young men preferably below 30 years of age. They have indicated that the calls for men in July and succeeding months will be reduced to about 90,000 per month. Ac-

cordingly, occupational deferment policies must be liberalized so as to reduce the total number of men to be inducted in the age group 30 through 33 and 34 through 37 to a minimum and occupational deferments restricted as to younger men so as to make available such men for military service. Cutbacks in plants engaged in war production should make available for employment older workers or those disqualified for military service. These workers, together with the increasing numbers of veterans who will be released by the Armed Forces, will make it possible for employers to replace many registrants in the younger age group who have heretofore necessarily been deferred.

2. *Regulations amended for registrants ages 30 through 33.* As a result of the reduction in calls and the Armed Forces' reemphasis on the induction of young men, Selective Service Regulations have been amended to remove the requirement that a registrant age 30 through 33 must be "necessary to and regularly engaged in" an activity in support of the national health, safety or interest, or an activity in war production or in agricultural occupation or endeavor essential to the war effort in order to be eligible for deferment in Class II-A, Class II-B or Class II-C. Under the amended regulations, a registrant in the age group 30 through 33, as well as those in the age group 34 through 37, should be deferred in Class II-A, Class II-B or Class II-C if he is merely "regularly engaged in" one of such activities or in an agricultural occupation or endeavor essential to the war effort. Local boards have full authority to determine what may be considered in the national health, safety or interest. While the List of Essential Activities attached to Local Board Memorandum No. 115 may be used as a guide, local boards are not in any way restricted or limited by this list.

3. *Consideration of fathers.* Local boards in considering the occupational deferment of a father, age 30 through 37, should weigh the case with sympathetic consideration. Among other things, the local board in classifying a father should consider the cost to the Government under the Servicemen's Dependents Allowance Act which would result in the event such father is inducted into the Armed Forces; also the fact that the War Department has announced its demobilization policies and is crediting a father of three children with 36 points, which is the equivalent of 36 months of active service in the Armed Forces. All cases of doubt shall be resolved by the local board in favor of a father-registrant age 30 through 37.

4. *Determination of "regularly engaged in."* In determining whether a registrant is "regularly engaged in" an activity in the national health, safety or interest, or in war production, local boards are authorized to consider registrants for continued deferment in Class II-A or Class II-B on the basis of their last employment, if they are temporarily unemployed by reason of cutbacks, or other good and sufficient cause, provided the registrant makes a continued effort to obtain employment in an activity in war production or in the national health, safety or interest, or in essential agriculture.

5. *Review of classifications.* Local boards are hereby directed to review the cases of registrants ages 30 through 37 who are now in Class I-A, Class I-A-O or Class IV-E and if the local board finds that a registrant qualifies for occupational deferment under these more liberal classification policies, it shall reopen the case of such registrant and classify anew even though an Order to Report for Induction has been issued.

6. *Filling calls.* It is recognized that this action will make it difficult, if not impossible, for local boards to completely fill their calls for the remainder of May and in June. The issuance of this Local Board Memorandum should not be interpreted as meaning that the needs of the Armed Forces for the numbers called are not as urgent as they have been in the past. The War Department's plan for the release of veterans who have contributed their full share in combat duty cannot be made fully effective unless trained replacements are available. Every effort should therefore be made to meet future calls in full from the age group 18 through 29, including those who have been previously rejected for general military service (see Local Board Memorandum No. 77-E), plus those in the older age groups who do not contribute to the national health, safety or interest, war production or essential agriculture, and those who voluntarily leave the employment for which they were deferred without a favorable determination by the local board.

Cuban Tomato Exports Drop

Exports of fresh tomatoes from Cuba during the current winter shipping season will approximate 12,000,000 pounds, or about one-fifth of normal pre-war levels, according to the U. S. Department of Commerce.

1944 Farm Marketing Receipts

Total cash receipts from farm marketings in 1944 were 19,790 million dollars, 2 per cent above the revised estimate of 19,340 million dollars in 1943, and 36 per cent above the cash income of 14,602 million dollars in 1919, the largest figure for any year in the last war period, the Bureau of Agricultural Economics reports in the latest issue of "The Farm Income Situation."

Government payments in 1944 rose to 804 million dollars, 20 per cent above 1943. The increase was due largely to payments on the dairy production program which did not become effective until October, 1943. Cash receipts plus government payments in 1944 amounted to 20,594 million dollars, 3 per cent more than the total for 1943 of 20,012 million dollars.

CANNING PUT ON NATIONAL PRODUCTION URGENCY LIST

The War Production Board announced on May 21 that the canning, dehydration, drying, brining, freezing and packing of fresh fruits and vegetables had been put on the national production urgency list, also the operation of commercial cold storage facilities but not food lockers. Immediately upon receipt of this information, the National Canners Association wired the State Associations so that notice of the action could be communicated to canners in their districts.

Industries are placed on the urgency or "must" list according to their importance from the national standpoint as determined by an inter-agency committee consisting of representatives from the War Manpower Commission, War Production Board, Army, Navy and, where food is concerned, the War Food Administration. This body, when sitting with a representative of the War Production Board as chairman, becomes the Production Urgency Committee. The same body with a representative of the War Manpower Commission as chairman becomes the Manpower Priorities Committee, which deals with labor ceilings and referrals. The Production Urgency Committee determines the industries that go on the "must" list.

The industry rating list consists of seven bands. The first band is the highest rating that an industry can be given and is reserved for those engaged in secret work for the Government. The second band is an emergency rating and is only of temporary nature. The third band is the rating given those industries that are considered urgent or "must" industries. The bands numbering 4 to 7 cover industries of relatively less importance from the standpoint of the war effort.

The classification of industries in these various bands is for the purpose of advising the approximately 200 area committees as to the essentiality of the respective industries from a national standpoint. The local area committees use this classification as a guide in handling the labor supply in the light of conditions in their respective areas. The procedure for food processors to follow in seeking additional manpower in their areas was outlined on page 8624 of the INFORMATION LETTER for May 12.

Grower Price for Southern Peaches Set by WFA and OPA

An average grower price of $50 per ton will be used in the construction of processors' ceiling prices for the 1945 pack of peaches grown in the southern States for canning and freezing, the Office of Price Administration and the War Food Administration announced jointly on May 25. (If the average price paid by any processor for the raw fruit, however, is less than the established $50 per ton, his ceiling prices for the processed products will be based on the actual average price paid.) The new grower price, which is $10 per ton less than the 1944 average grower price, is based on the prospects of a substantially larger southern peach crop than last year.

States in which the 1945 grower price will apply are North Carolina, South Carolina, Georgia, Florida, Kentucky, Tennessee, Alabama, Mississippi, Arkansas, Louisiana, Oklahoma, and Texas.

In order to participate in the guarantee purchase program for canned peaches, announced March 26, canners must pay for each purchase of peaches for canning not less than $50 per ton.

The $50 per ton grower price for peaches is at processors' customary receiving points and refers to the type of orchard-run delivery that is customarily contracted for and received by canners. It is based upon the customary grading procedure and the customary tolerances for fruit not meeting contract specifications.

ICC Orders Establishment of Uniform Classification Ratings

Based on its finding that "it is impossible without a basic unity in classification ratings throughout the country, to maintain a just and reasonable relation between the class rates on commodities moving in carload and less-than-carload lots, or as between competing commodities moving at class rates," the Interstate Commerce Commission has ordered rail carriers to initiate a uniform classification and to advise the Commission within 90 days whether they will undertake to make such a classification based upon the Commission's findings in its investigations of class rates.

The Commission also directed that uniform class rates be established for the territory east of the Rocky Mountains, which in effect eliminates present territorial divisions in class rates.

As an interim revision for correcting discriminations that the Commission found to exist, pending further action by the carriers themselves, the Commission directed the carriers to institute on or before August 30 a 10 per cent increase in the existing classification ratings applicable to interstate shipments within Eastern (including Illinois) territory, and a 10 per cent reduction in the existing class ratings applicable to interstate shipments moving within or between Southern, Southwestern, and Western trunk-line territories, or between any of such territories and Eastern or Illinois territories.

PROCESSING GREEN PEAS

1945 Planted Acreage Exceeds All-time Record High 1943 Acreage by 28,750 Acres

The preliminary estimate of the 1945 acreage planted in the United States to green peas for processing, including freezing, is 513,010 acres, the Bureau of Agricultural Economics reported May 23. This exceeds the 1944 planted acreage estimated at 468,160 acres by nearly 10 per cent and the 10-year (1934-43) average planting of 359,200 acres by 43 per cent, but is over 10,000 acres less than the intended acreage as reported by BAE on March 8. The previous record-high acreage totaled 484,260 acres, and was planted in 1943.

Of the 513,010 acres planted or contracted for 1945, it is estimated that 352,080 acres or about 69 per cent consist of sweet, wrinkled varieties and 160,930 acres or 31 per cent are of the Alaska type. Last year, 302,930 acres, or about 65 per cent consisted of sweet wrinkled varieties and 165,310 acres were of the Alaska types. The following table shows the actual acreage planted to green peas for processing in 1944 as compared with the preliminary report of actual acreage planted in 1945:

State	1944	1945 prelim.
	Acres	*Acres*
Maine	5,630	5,500
New York	43,400	52,100
New Jersey	4,200	4,200
Pennsylvania	16,500	19,800
Ohio	7,100	6,900
Indiana	8,300	10,800
Illinois	17,000	20,400
Michigan	12,500	11,400
Wisconsin	148,000	153,900
Minnesota	38,200	45,700
Iowa	3,500	3,500
Maryland	12,000	12,400
Delaware	3,000	3,600
Virginia	2,900	3,100
Colorado	5,120	5,300
Utah	16,300	16,600
Washington	51,950	58,200
Oregon	52,400	57,600
California	5,410	5,810
Other States	14,150	16,200
Total	468,160	513,010

WFA Canned Food Purchases Listed for Four-Month Period

The cost of canned foods purchased by the War Food Administration for Lend-lease, Territorial emergency, Red Cross and other purposes during the period January 1 through April 30, 1945, totaled $77,235,424. From a statement of these purchases, the following table has been compiled showing quantities and the f.o.b. cost of the canned food products bought during the four-month period:

Products	Quantity	Cost
Canned fruits:	*Cases*	
Apples	2,286	$9,028
Apricots (pie pack)	40,545	172,140
Apricots (syrup pack)	45,388	177,930
Peaches (pie pack)	48,547	180,931
Peaches (syrup pack)	3,901	18,742
Pears (syrup pack)	29,888	174,066
Prunes	18,984	48,441
Canned vegetables:		
Beans, green	60,893	185,518
Beets	223,386	521,840
Carrots	204,905	428,129
Peas	109,737	307,699
Potatoes, white	250,032	740,884
Sauerkraut	5,300	16,536
Soybeans	100,000	171,200
Tomato paste	279,735	1,522,660
Tomatoes	18,492	54,972
Canned fish:		
Clams	607	5,622
Flaked fish	4,585	58,558
Herring	6,486	34,478
Mackerel	101,130	518,413
Pilchards	548,064	2,116,670
Salmon	400,157	4,095,476
Sardines	174,428	742,684
Squid	307,500	1,491,375
Tuna and tuna-like fish	700	14,112
Miscellaneous:		
Chow-chow	13,300	82,938
Pickles	15,220	85,901
Relish	2,400	16,320
Milk:		
Condensed	1,019,220	6,605,879
Evaporated	3,294,731	13,486,394
Canned meats:	*Pounds*	
Beef	38,211,747	$13,992,877
Meat food products and rations	488,014	81,430
Pork	79,524,908	28,222,212
Vienna sausage and potted meat	2,000,016	153,340

Weather Delays Plantings

In many parts of the country growers of truck crops for processing were obliged to depart from their original planting schedules because of rains and other adverse weather, according to the U. S. Bureau of Agricultural Economics. Delays were less serious in the Rocky Mountain and Pacific Coast States than they have been in the eastern part of the United States. Planting of late varieties of green peas is now expected to continue into early June in many of the northern States. Sweet corn and snap beans were being planted about May 15 in some of the early areas. Northern growers will plant up until mid-June.

SUGAR SITUATION

(Continued from page 8631)

ton figure cannot be safely counted upon because of production uncertainties and the normal time lag in harvesting, refining, and distributing; but for the purposes of this report we will consider that 5,000,000 tons is the maximum amount that may be counted upon for distribution in civilian channels in the United States in 1945.

Of this 5,000,000 tons, 1,342,000 tons were actually distributed in the first quarter, and 1,300,000 tons have been allocated for the current or second quarter, a total of 2,642,000 tons. This constitutes 53 percent of 1945 civilian allotments without taking into account any excess disappearance over allocations during the second quarter. Already it is reported to the committee that the disappearance during April exceeds that month's proportionate part of the allotment for the quarter by a substantial amount, and also exceeds the April 1944 disappearance by about 30,000 tons.

Normally, only 45 percent of the year's consumption of sugar takes place during these two quarters. The result is that the last two quarters of the year, which normally receive 55 percent of the year's allocation, will be reduced to less than 47 percent of an already reduced total, thus aggravating the difficult situation in which consumers of sugar will be placed in the closing months of 1945. The following table shows how the second 6 months will be affected:

Period	Actual, 1944	Estimated, 1945	Decrease, 1945 below 1944
	Tons	*Tons*	*Tons*
January to June	2,773,100	2,642,000	−131,100
July to December	3,381,800	2,358,000	−1,023,800
Total, January to December	6,154,900	5,000,000	−1,154,900

STOCK PILES ARE REDUCED

The supply of sugar for American civilian consumption is tied to the world's supply and to the world's stock piles. Although world production has declined only slightly during the period under survey, reserve stocks have been reduced sharply during the last 2 years and probably will be reduced to a bare operating minimum by the end of 1945. The world consumed during these years not only the current production, but ate into the stock pile to the extent of 1,000,000 tons in 1943, 1,400,000 tons in 1944, and is expected to use a further 1,000,000 tons in 1945 which will practically exhaust all reserves and will mean that consumption in 1946 will have to come entirely out of current production.

The original 1945 allocation of sugar available for distribution in the United States to industrial users for civilian use and not including sugar in articles supplied to the military and war services was 2,650,000 tons. When the year's total civilian allocation was reduced to 5,000,000 tons, the amount available for the above industrial uses fell to 2,300,000 tons. It is because of that reduction that industrial users have been notified to expect about a 25-percent reduction in the quotas below the current level.

The above figure of 2,300,000 tons for industrial users includes, however, two types of industrial users: One is the group which has a provisional allowance for the preparation of jams, jellies, preserves, canned fruits, vegetables, meat, condensed and evaporated milk, and other dairy products, but not including ice cream and sherbets. These firms have a specified quota of sugar per unit of product and get as much sugar as they need, depending upon the amount they are able to produce during any calendar year.

The other users of the industrial group include those who make bakery goods, candy, beverages, ice cream, and similar products. Their allowance during 1944 was at the rate of 80 percent of their 1941 use. In the first quarter of 1945 allowances for most of these were dropped to 70 percent of the 1941 use, and in the second quarter to 65 percent. Now they face a further reduction. Their tentative allocation for the third and fourth quarters of 1945 is to be somewhere between 45 and 55 percent of the 1941 use. If there is any further curtailment in available supplies, it could conceivably drop below that figure. It is because of this very definite threat to a large group of users that this committee desires to call attention to the importance of several items. First of all, it thinks there should be a clear statement by responsible officials as to what commitments or allocations have been tentatively made for European consumption. It seemed apparent to us that these allocations are likely to be made from existing stocks, and that if there are reductions in the amounts which remain available, they must of necessity fall upon the American consumer.

It will be impossible in any study of the sugar problem to avoid the question of stock piles. Of great interest to the American public has been the question of the amount of sugar in stock piles in England, in view of the fact that 630,000 tons of Cuban sugar have been tentatively allocated to the United Kingdom and Canada. Stock piles in the United States are below the prewar level, while at the beginning of the year the British stocks were substantially above the prewar level. There has been growing speculation in the United States as to the size of these stock piles.

SUGAR STOCK FIGURES NEEDED

In the allocation of sugar, we are confident that an attempt has been made to see that at the end of the year British stocks are reduced to about a prewar level, but it would seem to be desirable that the British figures be made public at the earliest possible moment. Information coming to the committee is that on January 1, 1944, the stock pile of sugar in England was 1,300,000 tons, and on January 1, 1945, the stock pile had been reduced to 969,000 tons. It has been estimated that as of January 1, 1946, the stock pile of sugar in England will be down to 650,000 tons. Certainly an official statement would help to clarify this point.

While the committee does not attempt to vouch for the accuracy of these British figures, it believes that they are sufficiently close to actual conditions to justify their use for a comparison with stocks in the United States. The American stocks on January 1, 1944, were 1,766,500 tons, and on January 1, 1945, were 1,226,000 tons. The latter figure is the lowest on record since such information first became available in 1934, and is far below the amount necessary for a smooth distribution of sugar in this country. There is a possibility that this reserve working stock may be further reduced by the end of the current year.

If stock-pile figures are to be made public, the committee feels that their release should be accompanied by a comprehensive statement as to the world supplies of sugar and the contemplated allocations through the Inter-Agency Committee to Coordinate Export of Civilian Supplies.

The Inter-Agency Committee was established on March 10, 1945, by a letter from Justice James F. Byrnes, War Mobilization Director, in which he named as members of the committee representatives of the Foreign Economic Administration, the Department of State, War Shipping Administration, War Production Board, War Department, War Food Administration, and the Navy Department. Mr. Leo T. Crowley, administrator of the Foreign Economic Administration, was designated as chairman.

As given in the Byrnes letter, the purpose of the committee was to examine all the related factors which pertained to the capabilities of the United States to export items for the support of the war other than direct military and lend-lease commitments. This was to include all programs directed to relief, rehabilitation and industrial development.

Justice Byrnes was careful to point out that military requirements should have first priority, and that all other requirements for relief, rehabilitation, and other export purposes must then be evaluated against the needs of our own minimum essential civilian economy.

If commitments to foreign countries are not so evaluated but are regarded as firm, then in the event of a reduction in the anticipated supplies (which include American production) upon which these initial allocations were based, the United States civilian becomes the residual claimant. In other words, what is left over is available for United States civilian requirements.

MUST SAFEGUARD CIVILIAN SUPPLIES

It seems to us that this is an unsound approach to the problem. We believe it is as important to establish a minimum allotment for American civilians as for other claimants. The effect of permitting civilian requirements to become a residual figure might be disastrous to a large segment of the food-processing industries and to the victory-garden and home-canning programs. It would tend to encourage and multiply black-market operations. The adverse effect on the food-processing industries of too little sugar could have serious repercussions on the whole food-conservation program. This in turn could seriously affect supplies of processed food for this country and for the liberated areas as well.

The American consumer is not yet aware of the coming crisis in sugar because civilian consumption during the first 6 months of this year is scheduled to be only 5 percent lower than during the same months of 1944. All of the slack must be taken up in the last 6 months of this year. Only when the housewife finds how little sugar is going to be available under the contemplated program, which provides 5 pounds per person for a 4-month period, will the full impact of the reduction be realized.

It is estimated that before the war about 45 percent of total United States sugar consumption was in the form of direct household use, including home canning. Another 45 percent was consumed as an ingredient in bakery goods, confections, soft drinks, canned fruits, and numerous other manufactured food products. Ten percent went to hotels, restaurants, and institutions.

Under the program tentatively outlined for the remainder of 1945, household use, including home canning, will fall to about 40 percent of the total and industrial use will rise to 50 percent. Even so, the squeeze on industrial users will be extremely severe.

One factor in our present sugar crisis which is impossible to overlook is the distribution of sugar among various types of industrial users, as shown in the following table:

Sugar consumption by major industries in products for civilian use[1]

Industry	1941	1944	1945[2]
	Tons	*Tons*	*Tons*
Bread and other bakery products	800,000	640,000	600,000
Bottled beverages, extracts, and sirup	900,000	720,000	585,000
Candy, chocolate, etc.	700,000	560,000	455,000
Ice cream, ices, etc.	200,000	160,000	140,000
Other quota users	400,000	320,000	260,000
Total quota use	3,000,000	2,400,000	2,040,000

[1] Does not include approximately 500,000 tons of sugar allotted to these industries for use in products purchased by the armed forces. Also excludes so-called provisional uses, such as canning and preserving fruits and vegetables, which receive a certain amount of sugar per pound or per case of product.

[2] Estimated.

Source: Figures for 1941 and 1944 slightly rounded from Office of Price Administration data. 1945 figures assume the April-June quota percentages as an average for the year as a whole; actual use may be lower.

In view of the current short supply situation and the amount of the total supply allotted to industrial users, the committee suggests that the allotments of sugar to the various classes of industrial users as well as to individual applicants be reexamined.

If civilian requirements are to be considered as residual, there is no assurance that even the recently announced lower ration will be maintained. We recommend, therefore, that a minimum figure be established below which the supply for civilian use will not be allowed to fall.

If, after establishing military needs and minimum requirements for United States civilian consumption, there is not sufficient sugar, it would seem only equitable to reduce all foreign claimants proportionately.

It may be possible, and we believe it would be preferable, to reduce claims by the liberated countries and neutrals on the United States-United Kingdom pool by assisting them with the rehabilitation of transportation systems and sugar factories, and by providing them with adequate supplies of seed and fertilizer so that they can increase their own home production, rather than to ship them the actual sugar. Further we suggest that consideration might be given to the substitution of other carbohydrates, particularly cereals, for part of the sugar tentatively allocated to these areas.

In any event, we feel that all of the allocations to liberated countries or neutrals should be reexamined in the light of the existing supply and current production figures, which indicate a very substantial reduction from the estimates at the time these allocations were tentatively made.

Such a reexamination was clearly contemplated by the order setting up the Inter-Agency Committee to Coordinate Export of Civilian Supplies. If 125,000 tons could be added to the United States supply by this screening, it would help maintain the existing level of civilian distribution.

We repeat: There must be a minimum figure below which civilian supplies in this country should not be permitted to go. The claims of the Foreign Economic Administration should not be regarded as fixed, but must be adjusted quarter-by-quarter after minimum military and civilian requirements of the United States have been met.

II. Reasons for the Shortage

Many reasons have been given for the current shortage of sugar supplies. The reasons may be roughly divided into three groups:

1. Those resulting mainly from the war and, in the main, unavoidable and now largely historical. Under this heading we might list (*a*) the decline of European beet-sugar production which has reduced stocks, especially in western Europe, to record low levels, and in some cases almost to the vanishing point; (*b*) the loss of the Philippines, which deprived this country of about 1,000,000 tons of sugar per year, or approximately one-seventh of our annual consumption; (*c*) the reduction of British colonial and dominion production, especially during the earlier years of the war; (*d*) the loss of Java, which normally supplies a few European countries and China with a part of their annual requirements; and (*e*) a short crop in Peru during the 1942-43 season, coupled with a steadily increasing demand from the South American republics, which has not been met by their domestic production, resulting in the draining-off recently from Cuba of some badly needed supplies.

2. In the second group of causes contributing to the shortage we have—

(*a*) The reduction of our domestic beet-sugar crop from a normal prewar level of about 1,500,000 tons raw value to about 1,000,000 tons average for the past 2 years.

In considering the factors that caused the serious decline in our domestic beet-sugar production, it must be recognized that the Nation needed large quantities of other crops which compete for land directly with sugar beets. In setting incentive payments and production goals it was necessary to maintain a balance among these essential competitive crops.

(*b*) The execution of a contract in 1943 with the Cuban Sugar Stabilization Institute, whereby the American Government firmly contracted to purchase from the 1943 Cuban crop only 2,700,000 tons of sugar, with an option on 300,000 additional tons, and with a stipulation that the Cuban Institute would not produce more than 3,225,000 tons.

The committee heard a great deal of testimony on the reasons for the negotiation of such a contract. Much of this testimony was contradictory. It is difficult at this late date to reconstruct all the details and circumstances of the transaction. It was made entirely clear to the committee that the War Shipping Administration had notified American officials late in 1942 that due to the submarine menace it was unable to guarantee the transport of any large quantity of sugar during 1943, possibly not enough to transport the stocks that obviously would be on hand on January 1, 1943, and certainly nothing approaching the tonnage of sugar eventually contracted for by our Government officials.

The Commodity Credit Corporation received from the Cuban Sugar Stabilization Institute an estimate of the warehousing capacity of the island, and a statement of the stocks on hand. It accepted these estimates as accurate. Testimony of some Cuban sugar grow-

ers and processors now indicates a belief in their ability to process and store larger quantities of sugar.

Any appeal from Cuban producers at that time for a larger production might have been not so much a plea on their part for the right to produce additional quantities of sugar at their own risk and for their own account but to have been an implied if not openly expressed request for our Government to purchase the maximum crop that could have been produced.

It should also be noted that the United States section of the Anglo-American Caribbean Commission made a study of the sugar situation at the end of the summer of 1942 and recommended that each sugar-growing island in that area receive a production quota representing the amount which it was anticipated would be consumed locally or shipped during the calendar year 1943, and an additional production quota for sugar to be stored in the area, based upon available storage facilities. It was stated in the Commission's report that the British concurred in the conclusions reached, and we understand that restrictive measures were actually applied to the British West Indies during that year.

It is difficult at this time to allocate with any complete accuracy the exact responsibility for the failure to allow Cuban producers to make a full crop, and the American Government to purchase it. It should be pointed out, however, that the actual loss of production for 1943 and 1944 combined was not as great as might at first appear, as the carry-over cane from 1943 contributed to the larger crop in 1944.

The committee does feel that it was a serious mistake not to permit the Cubans to proceed at their own risk and for their own account if they were in disagreement as to the quantity that could be stored, but it recognizes also the ease with which hindsight can resurvey a situation and arrive at conclusions as to what would have been a proper course 2½ years ago.

Confronted also with evidence as to the liberal methods by which sugar was rationed and allowed to leak out in excess of allocations in 1944 and the first months of 1945, and also realizing the demands being made for the use of sugar in the synthetic-rubber program in 1943 and subsequent years, the committee doubts whether much of a larger Cuban sugar crop would now be available for relief of the present situation, even if the best possible job of purchasing had been done in 1943.

(*c*) The lack of proper coordination among the various agencies dealing with sugar.

Among the proposals that have been made for the clarification of sugar procedures in the United States has been one for the designation of a single person who might lay down policies on sugar matters and who might have been a deputy to the War Food Administrator in charge of procurement, transportation, and distribution of sugar with supervision over rationing. Procurement, of course, would involve the question of production both on the mainland and offshore areas, in a determination of what the incentives should be in relation to other crops in order that production should be comparable to needs.

Sugar control started under a food division in the War Production Board, which Board in turn delegated some of the activities and functions which it originally assumed to the Office of Price Administration. When sugar was transferred to the War Food Administration, the Office of Price Administration did not surrender its functions, and control has been split between these two agencies ever since.

In addition to these agencies the hearings indicate that the following departments and agencies have some voice or control over sugar, namely: the State Department, the Foreign Economic Administration, the War Shipping Administration, the Office of Defense Transportation, the Interior Department, the local Puerto Rican Government authorities, the Combined Food Board, and others—in all, 20 or more.

In the War Food Administration itself there are at least five groups concerned with sugar. These are the Commodity Credit Corporation, the Sugar Branch of the Office of Marketing Services, the Office of Foreign Agricultural Relations, the Agricultural Adjustment Agency, and the Civilian Requirements Branch in the Office of Marketing Services. These agencies assist in both national and international allocations.

The Commodity Credit Corporation has as its principal function wartime procurement and financing of offshore crops and the maintenance of incentive programs for domestic production. Its Office of Supply has a Procurement Branch which purchases domestic refined sugar for lend-lease and other Government export. The Sugar Branch has the responsibility of administering the Sugar Act of 1937, War Food Administration orders, and the assembling of sugar statistics. The Office of Foreign Agricultural Relations is responsible for the collection of statistics from foreign and domestic areas. The Agricultural Adjustment Agency supervises farm-production programs in the field, and is responsible for making benefit payments to producers. The Civilian Requirements Branch of the Office of Marketing Services makes recommendations on the allocation of sugar between various classes of industrial and home users. They set up the target which the Office of Price Administration is supposed to hit by its rationing program.

If there is disagreement between any of these groups, the controversy must be referred directly to Judge Marvin Jones, War Food Administrator.

To give a concrete example of how this lack of coordination can influence adversely our supply of sugar we need only to cite as an example the failure to purchase the Cuban blackstrap molasses production of 1943 and 1944. The sugar crop for these years was purchased by the Commodity Credit Corporation. The responsibility for purchasing blackstrap molasses in 1943 was with the Defense Supplies Corporation. The United States had in 1943 a domestic ceiling price of 18½ cents per gallon on blackstrap molasses. For some reason, in the negotiations for the purchase of the 1943 Cuban blackstrap production, efforts were made to purchase the crop at a price of 6 cents. This was so far below what the Cubans regarded as a fair price that they erected distilleries and transformed about 100,000,000 gallons a year into alcohol. Some of this found its way into this country in the shape of alcohol, but the committee is advised that in 1943 and 1944 about 150,000,000 gallons of blackstrap molasses were lost by the failure of these negotiations during 1943. Local consumption of blackstrap molasses in Cuba in 1942 was 15,522,000 gallons, in 1943 it was 108,124,000 gallons, and in 1944 it was 125,000,000 gallons. Had the excess of alcohol represented in this blackstrap molasses supply of these 2 years, over what actually was received, found its way into the United States, it would have represented the equivalent of 450,000 tons of sugar.

(*d*) The very heavy requisitions of the armed forces and other governmental agencies from the scarce and diminishing supplies.

The 1945 allocation of 1,221,000 tons for military and war services is allocated to the approximately 11,000,000 men in these services. This gives the armed services a per capita consumption of about 220 pounds per year whereas the recent food report of the Inter-Agency Committee to Coordinate Export of Civilian Supplies indicates that the civilian per capita consumption in the United States will be at the rate of 70.8 pounds during the remainder of this year. Consequently the question of a reduction in use of sugar by the armed forces through greater conservation has been suggested to the committee. This suggestion does not call for any reduction in the amount of sugar required to maintain the full standards of military diet and a reasonable amount for the maintenance of morale. However, in view of the critically tight supply of sugar in the United States, it would not seem unreasonable for some responsible officer of the American armed forces to inform all area commanders of the stringency of the civilian sugar situation and ask their cooperation to conserve sugar in every way possible.

3. The third and perhaps most important group of causes contributing to our immediate plight in sugar is the following:

(*a*) The diversion of 900,000 tons of the 1944 Cuban sugar supply to the production of alcohol for use in the synthetic-rubber program.

When the synthetic-rubber program was initiated it was realized that a very large quantity of alcohol would be needed, and the Baruch report contemplated that this would be obtained principally from the then existing large surplus of grains, chiefly corn and wheat. Howevef, a tight situation developed in grain in 1943, due largely to the tremendous demands for livestock and poultry feeding, and grain did not move in sufficient quantity to terminal markets to meet all the requirements for food, feed, and alcohol. It was therefore decided early in 1944 that the equivalent of 900,000 tons of the 1944 Cuban sugar crop should be diverted to the production of invert molasses to be used in the manufacture of industrial alcohol. The issue at the time resolved itself into less meat, less synthetic rubber, or less sugar. Rightly or wrongly the decision went against sugar.

(b) The severe drought in the Caribbean area in the second half of 1944 and early part of 1945, which has reduced the over-all production in that area by perhaps 1¼ to 1½ million tons below what could have been expected.

This has been a serious blow to our supplies. It is also one of the compelling reasons why all foreign requirements should be carefully reconsidered, especially if prior allocations to these noncivilian claimants were based on higher estimates of production.

(c) The increasing relief demands arising as a result of the successive liberation of European countries, meeting head-on, as it does, the shorter crops in the Caribbean area.

(d) The excessive distribution in continental United States in 1944, exceeding the amount initially allocated by the War Food Administration by some 800,000 tons.

Figures supplied to this committee by the War Food Administration indicate that during the first quarter of 1944 Office of Price Administration was notified that it might allot to the American civilian population 1,025,200 tons of sugar. However, the actual disappearance was 1,310,200 tons. The second quarter held fairly close to the War Food Administration allotment, but in the third quarter the allocation was 1,654,000 tons and the disappearance was 1,833,600 tons. In the last quarter of the year the allotment was 1,224,700 tons and the disappearance was 1,458,200 tons.

It was this overspending of our sugar bank account to the extent of 800,000 tons that caused such a serious disruption, and it is because this can happen again in 1945 and 1946 that the committee is concerned about it.

The committee requested Office of Price Administration to give its explanation of this drastic overrun or leak in sugar during 1944. The answer boils down to two circumstances: (1) The consumption of sugar by industrial users in the 1941 base period had been seriously underestimated. Reports of 1941 consumption were filed by industrial users with their local ration boards in April, 1942, but for various reasons these data were not summarized until late in 1944. In the meantime Office of Price Administration, on the national level, was calculating the amounts which would be necessary to care for these industrial users on the basis of a rough estimate of 1941 use based on adjustments of data from the 1939 Census of Manufactures. These figures totaled 2,400,000 tons.

When the registrations from the industrial users were brought together late in 1944 they totaled nearly 3,000,000 tons, or 600,000 tons more than the base which Office of Price Administration had been using. Naturally, when Office of Price Administration was issuing 80 per cent of the 1941 base, it issued in excess of its planned allotment 80 per cent of 600,000 tons, or 480,000 tons. In other words, the local boards were issuing from actual figures, while the national office was allocating on the basis of an estimated figure, which was substantially below the actual use. (2) The home-canning program, to conserve the produce of the victory gardens and fresh fruits, overran the estimate between 300,000 and 400,000 tons, due in large degree to the feeling that there was sufficient sugar in the country which led ration boards and officials to be more lenient in their allowances and slack in their verification of the use to which the sugar was put. The War Food Administration called this overspending to the attention of Office of Price Administration, but after it saw the disappearances that were taking place quarter-by-quarter, War Food Administration nevertheless continued to set aside for rationing by Office of Price Administration full allocations in each succeeding quarter.

HOME CANNING IN 1945

The committee was anxious to know what the Office of Price Administration was doing to strengthen its ration controls in 1945. It was informed that industrial users were required to report their total inventory of sugar as of December 1, 1944, including their ration-book balances and other unused ration evidences, and that the Office of Price Administration would attempt to drain off the excess inventories and was reducing the allotments to industrial users from 80 to 70 per cent of the 1941 use, effective January 1. Secondly, it was effecting a reduction in allotments to commercial food processors by reducing the quantity of sugar permitted for each case of canned fruit. Thirdly, it was cutting restaurants, hotels, and public eating places 10 or 15 per cent, depending upon how much of their own baked goods they served. The Office of Price Administration assured the committee that it had expected these steps would "reduce distribution to the amount of the allocation for the first quarter," but it had found that this was not so, and that, accordingly, additional reductions in the allotments of industrial users were put into effect.

The Office of Price Administration then advised the committee that immediate plans for the further tightening of the home canning program were relayed to 5,500 local boards by teletype, since issuance of home canning sugar was scheduled to start in many parts of the country by May 1. Apparently the Office of Price Administration feels that it has done everything necessary to bring home canning under control, particularly since it has given a quota to the local boards of 70 per cent of the level which they issued in 1944.

However, in 1944 the quota was 750,000 tons, and the Office of Price Administration issued ration evidence for a substantially greater amount. The American public received, through the use of that evidence, 1,100,000 tons. The goal for 1945 was originally set at 700,000 tons and has now been reduced to 600,000 tons. Of the 1,100,000 tons issued in 1944, approximately 350,000 tons were issued in exchange for a special sugar stamp No. 40 in Ration Book No. 4. The 70-per cent quota which ration boards must now observe applies to the quantity of sugar issued by local boards as a result of special applications for sugar for home canning. This amount in 1944 was about 775,000 tons, and 70 per cent of that—since we have no special stamp this year—produces a figure of a little under 600,000 tons, which gives the Office of Price Administration its hope of holding control over home canning.

To show the direction in which things are going, the War Food Administration on May 17 issued its preliminary sugar statistics for the first 4 months of 1945. The statistics for the period show that consumption in continental United States for the first 4 months of 1945 exceeded those same months in 1944 by 192,419 tons. There is nothing in that figure to bring anything but doubt, suspicion, and discouragement to the housewives and industrial users who depend upon a steady availability of sugar throughout the entire year.

The civilian part of this overage has been accounted for among the Office of Price Administration officials by the claim that they were not able to cancel existing ration evidence which was in the hands of users early in January and was accepted by merchants before their full controls took effect. The distribution figures for April are now available and they indicate that during April 1945 consumption in continental United States was 552,820 tons, whereas in April 1944 it was 492,089 tons. Of this 60,000-ton increase, about half was due to large civilian use. This increase at a time when the Office of Price Administration says that it is reducing sugar usage to hotels, restaurants, canners, packers, and individuals, indicates the lack of effective control.

The situation is not yet under control. As evidence of this, the com-

mittee has been given information about a typical rural area where home canning is important. The Office of Price Administration area director did not receive instructions of a positive nature to reduce quotas until May 12, and was not able to transmit those instructions so that they would reach local ration boards until the week beginning May 14. On the other hand, the issuance of sugar for home canning purposes had commenced through local ration boards on April 10, and newspapers in that area carried stories that the local boards had already started to issue home canning sugar ration certificates with the result that they might have to call upon people who had already obtained their certificates to bring them back and take less sugar for the home-canning program.

If the experience of other programs is any criterion, the result of that type of announcement will be to persuade great numbers of citizens immediately to cash their ration certificates for sugar.

AID TO DOMESTIC PRODUCTION

Since the allocation of sugar for 1945 is based in part upon the anticipated domestic cane and sugar beet crops of this year, estimated at 1,640,000 tons, it is vital to secure adequate labor and supplies for the cultivation and harvesting of the planted acreage so as to assure maximum production.

For that reason, the committee steadily during the past 2 weeks has been cooperating with the United States Beet Sugar Association and the cane growers of Louisiana and Florida in an effort to make sure that adequate labor is available to cultivate at least the acreage which has been scheduled. When the committee started its hearings it received communications from beet-sugar areas pointing out that the farmers had not received labor which had been promised them, and labor which was essential if their sugar beets were to be thinned during the month of May.

Conferences were held between the sugar-beet producers, the United States Army, the War Food Administration, and the War Manpower Commission in an effort to make sure, first, that prisoner-of-war labor would be supplied to sugar-beet areas in the most generous quantities possible; second, that Mexican nationals might be brought into the country in as large numbers as possible to assist in the farm work which has traditionally been done by them; and, third, that necessary farm machinery and other equipment needed in the beet harvest would be available.

For the assistance of the domestic cane industry, it seemed essential that labor be imported from Jamaica and the Barbados. The committee appealed to Judge Fred Vinson, Director of War Mobilization, who turned the facilities of his office immediately on to this problem and has been able to announce that additional steamer facilities have been arranged for the importation of this type of labor. Judge Vinson also has the thanks of the committee and the sugar-beet industry for his prompt action in obtaining railway facilities for the transportation of Mexican nationals to the sugar-beet areas.

III. Recommendations

1. Establish authority and responsibility for procurement, transportation, pricing, and distribution under one coordinating head.

2. Open negotiations immediately for the purchase of the 1946 Cuban and Puerto Rican sugar crops.

3. Provide Hawaii with heavy type machinery such as crawler cranes and front axle drive trucks for sugar production.

4. Provide adequate machinery, supplies, and labor for domestic beet and cane areas by fullest cooperation between War Food Administration, War Manpower Commission, War Production Board, and the War Department.

5. Make available to friendly European countries that are in short supply for plantings in the spring of 1946 our surplus beet seed. Consideration should be given to the substitution of other carbohydrates, particularly cereals, for part of the sugar now tentatively allocated to them.

6. Encourage the production of corn sugar and sirups in 1945.

7. Tighten rationing controls so that allocations will not be exceeded.

8. Establish a minimum figure below which the supply of sugar for United States civilian use will not be allowed to fall.

9. Reexamine allotments made to different classes of industrial users.

10. Review all foreign commitments and adjust to safeguard minimum allotments for United States civilian use.

11. Make public all commitments and allocations, domestic and foreign, with explanatory supporting data.

1944 Ceilings to Apply to 1945 Pack in Certain Instances

Processors of packed fruits, berries and vegetables whose ceiling prices for the 1944 pack were established by individual authorization or by the elective pricing method, may continue to use these prices until new ceiling prices are established generally for the 1945 pack of a commodity, the Office of Price Administration has announced. The action, which was taken through the issuance of Order 111 under Supplement 7 to Food Products Regulation 1, became effective May 23.

The elective pricing method and individual authorization of ceiling prices were necessary for processors who were unable to establish a ceiling price by the formula methods provided. Official text of the order follows:

§ 1305.139 *Maximum prices for the 1945 pack of packed fruits, berries and vegetables under Supplement 7 to Food Products Regulation No. 1.* (a) Any maximum price for the 1944 pack of any item approved or authorized by order issued pursuant to section 10 (c) or 10 (d) of Supplement 7 to Food Products Regulation No. 1 shall apply to sales and deliveries of the seller's 1945 pack of the item until the establishment by the Office of Price Administration of new maximum prices for the 1945 pack of that commodity.

(b) Any maximum price for the 1944 pack of any item approved or authorized automatically upon expiration of the 30-day period specified in section 10 (c) or 10 (d) of Supplement 7 to Food Products Regulation No. 1 shall apply to sales and deliveries of the seller's 1945 pack of the item until the establishment by the Office of Price Administration of new maximum prices for the 1945 pack of that commodity.

This supplementary order shall become effective May 23, 1945.

WFA Increases Set-asides on Canned Asparagus and Spinach

The War Food Administration has amended War Food Order 22-9 to increase the set-aside for canned asparagus and canned spinach. The total set-aside on canned asparagus is advanced from 55 to 65 per cent, and on canned spinach from 64 to 77 per cent. The increased set-asides, made necessary by greater needs of the armed services, were effective May 20, 1945.

While the amendment refers only to canned asparagus and spinach, it is expected that WFO 22-9 will be amended further to change set-aside requirements of other canned vegetables, including tomato juice and tomato products. Full text of the amendment follows:

War Food Order No. 22-9 (10 F.R. 1260) is hereby amended as follows:

1. By deleting from Columns B and D of Table 1, opposite the word "Asparagus" in Column A of said table, the figures "51" and "55" and inserting, in lieu thereof, the figures "61" and "65," respectively; and

2. By deleting from Columns B and D of Table 1, opposite the word "Spinach" in Column A of said table, the figures "57" and "64" and inserting, in lieu thereof, the figures "70" and "77," respectively.

The provisions of this amendment shall become effective at 12:01 a. m., e.w.t., May 20, 1945. With respect to violations, rights accrued, liabilites incurred, or appeals taken under said War Food Order No. 22-9 prior to the effective time of the provisions hereof, the provisions of said War Food Order

No. 22-9 in effect prior to the effective time hereof shall be deemed to continue in full force and effect for the purpose of sustaining any proper suit, action, or other proceeding with regard to any such violation, right, liability, or appeal.

Stocks of Canned Peas

Total civilian stocks of canned peas in canners' hands on May 1, 1945, as compiled by the Association's Division of Statistics, were 400,065 actual cases, equivalent to 409,000 cases basis No. 2's, as compared with 1,995,000 cases basis No. 2's on May 1, 1944, as reported to the Office of Price Administration.

Shipments by canners in April, 1945, were 666,893 actual cases, equivalent to 679,000 cases basis No. 2's compared with 1,390,000 cases basis No. 2's in April of the preceding year, as reported to the OPA.

The following table, showing the civilian stocks of specified dates and civilian shipments in April, 1945, in actual cases, is based upon reports from canners who packed about 93 per cent of the 1944 pack, together with estimates for those not reporting:

	Total civilian stocks Apr. 1, 1945	May 1, 1945	Civilian shipments Apr. 1945
N. Y. and Me.	*Cases*	*Cases*	*Cases*
Alaskas	.....	.....	.....
Sweets	100,246	39,275	60,971
Mid-Atlantic			
Alaskas	6,807	1,954	4,853
Sweets	5,545	1,997	3,548
Mid-West			
Alaskas	184,348	50,655	133,693
Sweets	375,067	92,487	282,580
Western			
Alaskas	6,900	196	6,704
Sweets	387,955	213,501	174,454
Total U. S.			
Alaskas	198,145	52,805	145,340
Sweets	868,813	347,260	521,553

Canned Tomato Juice Stocks

Civilian stocks of canned tomato juice, canned tomato cocktail, and mixtures containing 70 per cent or more tomato juice, in canners' hands May 1, 1945, were 1,470,756 actual cases, equivalent to 1,656,000 cases basis No. 2's, according to the Association's Division of Statistics. These compare with May 1, 1944, civilian stocks of 1,711,000 cases of canned tomato juice and 647,000 cases of other canned vegetable juices and combinations, basis No. 2's, as reported by the Department of Commerce.

Civilian shipments of tomato juice, tomato cocktail, and mixtures containing 70 per cent or more tomato juice in April, 1945, were 579,030 actual cases, equivalent to 665,000 cases basis No. 2's. Shipments of canned tomato juice in April, 1944, were 547,000 cases basis No. 2's and shipments of other canned vegetable juices and combinations totaled 116,000 cases basis No. 2's, according to the Department of Commerce.

The table below lists only civilian stocks and shipments by actual cases for the periods indicated and is based on reports from canners who canned about 85 per cent of the 1944 pack, together with estimates for those not reporting:

	Stocks		Shipments
	Apr. 1	May 1	April
	Cases	*Cases*	*Cases*
No. 300	488	488	.....
No. 1 tall	3,245	2,843	402
No. 2	938,755	708,377	230,378
No. 2 cyl.	18,679	5,162	13,517
No. 3 cyl.	732,574	534,660	197,914
No. 10	222,176	130,600	91,576
Misc. tin	8	2,748	−2,740
Glass	133,861	85,878	47,983
Total	2,049,786	1,470,756	579,030

Canners May Accept Payment of 75% on Government Sales

Provision has been made by the Office of Price Administration for processors of packed fruits, berries, and vegetables to receive payment of 75 per cent of the ceiling prices they have proposed or reported for goods delivered to government agencies. The provision is contained in Order 25 to Supplement 7 to Food Products Regulation 1, effective May 23, and applies to processors who have filed applications for authorization to use individual ceiling prices for the items they produce, and to processors who have filed a report of ceiling prices under the elective pricing method.

The order was issued, OPA said, to avoid delay in negotiations between processors and government agencies in deliveries pending final approval of ceiling prices for fruits, berries, and vegetables packed in 1945. Full text of the order follows:

For the reasons set forth in an opinion simultaneously herewith, it is ordered

(a) That, pending authorization or approval by the Office of Price Administration of a maximum price for an item reported under Section 10(c) or applied for under Section 10 (d), the processor may receive payment for the item upon delivery to government procurement agencies, but not in excess of 75 per cent of the price reported or proposed by him after adjusting that price pursuant to Section 10 (k). The processor shall refund to the buyer any amount received by him in excess of the maximum price authorized or approved by the Office of Price Administration.

(b) This order may be revoked or amended by the Price Administrator at any time.

This order shall become effective May 23, 1945.

Stocks of Canned Sweet Corn

Civilian stocks of sweet corn in canners' hands on May 1, 1945, as compiled by the Association's Division of Statistics, were 769,524 actual cases equivalent to 733,000 cases of No. 2's compared with 2,984,000 basis No. 2's on May 1, 1944, as reported by the Office of Price Administration.

Shipments by canners in April, 1945, were 1,000,686 actual cases equivalent to 927,000 cases basis No. 2's, compared with shipments of 1,321,000 cases basis No. 2's in April, 1944, as reported to OPA.

The following table showing the civilian stocks on specified dates and the April, 1945, shipments in actual cases, is based on reports from canners who packed about 91 per cent of the 1944 sweet corn pack, together with estimates for those not reporting:

	Total civilian stocks Apr. 1, 1945	May 1, 1945	Civilian shipments Apr., 1945
Eastern States:	*Cases*	*Cases*	*Cases*
Cream style—			
White	17,098	5,737	11,361
Golden	159,302	91,234	68,068
Whole grain—			
Golden	70,991	36,255	34,736
White	10,313	1,987	8,326
Western States:			
Cream Style—			
White	120,911	53,848	67,063
Golden	538,873	281,373	257,500
Whole grain—			
Golden	844,065	291,721	552,344
White	8,657	7,369	1,288
Total Eastern	257,704	135,213	122,491
Total Western	1,512,506	634,311	878,195
Total U. S.	1,770,210	769,524	1,000,686

1945 Frozen Food Ceilings

Processors may sell frozen fruits, berries and vegetables and related products of the 1945 pack to government procurement agencies subject to an agreement in each case that the price may be determined after delivery on the basis of any new ceiling price that may be established, the Office of Price Administration has announced. This action, which became effective May 18 through the issuance of Order No. 2 under Supplement 6 to Food Products Regulation 1, is necessary because government procurement agencies are now making arrangements for buying products packed during 1945, OPA said.

OPA Sets Canned Squid Ceilings

By the issuance of Maximum Price Regulation 587, effective May 28, the Office of Price Administration has established a uniform canners' base ceiling price of $4.85 per case (48/15 oz. cans) for canned Pacific squid, packed in its own ink. The new price is f.o.b.

the shipping point nearest the cannery. The canner must deduct from the base price his customary allowances, discounts and differentials to purchasers of different classes.

Maximum canners' prices for canned squid in other styles of pack or other sizes and types of containers will be determined by OPA upon application of individual canners.

The new regulation was written to permit the extension of coverage to other canned fish specialties.

Conferences Announced on Fishery Industry Exemptions

Three informal conferences on the interpretation to be placed on Section 13 (a) (5) of the Fair Labor Standards Act have been announced by the Wage and Hour Division of the Department of Labor. The provision referred to grants an exemption from the minimum wage and maximum hours sections of the Act to "any employee employed in the catching, taking, harvesting, cultivating, or farming of any kind of fish, shellfish, crustacea, sponges, sea weeds, or other aquatic forms of animal and vegetable life, including the going to and returning from work and including employment in the loading, unloading, or packing of such products for shipment or in propagating, processing, marketing, freezing, canning, curing, storing, or distributing the above products or byproducts thereof."

The dates for these conferences and the places at which they will be held are: June 20—St. Charles Hotel, New Orleans; July 9—785 Market Street, San Francisco; July 11—Post Office Building, Seattle.

The holding of conferences on this subject were requested by the National Canners Association. A previous discussion of the exemptions will be found in the INFORMATION LETTERS for April 14 and April 21.

Lifts Ban on Fishing Craft

The ban on construction of fishing craft in effect for the last three months was lifted by the Office of Fishery Coordination on Monday, according to an announcement by Milton C. James, Coordination Officer in charge of materials and facilities.

Mr. James advised persons interested in constructing new vessels to proceed through the area coordinator as in months previous to the ban. He said that while the situation on materials still remains tight, he expects that regulations controlling these materials will be removed by the end of the year.

OPA Sets Ceilings for Spanish and Portuguese Anchovies

Dollar-and-cent ceilings for sales by importers to independent retail stores and to industrial and institutional users of imported Spanish and Portuguese anchovies packed in olive oil have been announced by the Office of Price Administration. The new prices become effective May 22, through the issuance of Order 357 to Order 38 under the Maximum Import Price Regulation, and apply to any brand of imported Spanish or Portuguese anchovies. They are ex-dock or ex-warehouse at the U. S. Continental point or port of entry, OPA said.

The new ceilings for sales by importers are as follows: To independent retail stores—$24.72 (100/2 oz.), $29.05 (24/11 to 13 oz.), $58.04 (24/27 to 29 oz.); to industrial and institutional users—$25.75 (100/2 oz.), $30.27 (24/11 to 13 oz.), $60.47 (24/27 to 29 oz.)

Previously, before the issuance of Order 357, importers were required to apply to OPA for special prices of these items.

WFA to Sell 7 Fishing Boats

The War Shipping Administration announced May 21 that it would accept invitations to bid on 7 fishing vessels that were originally requisitioned by the armed forces and have now been declared surplus. Bids will be opened by WSA, June 13, 1945.

The vessels will be sold on an "as is, where is" basis, without operational restrictions. Bidding is limited to citizens of the United States. Interested purchasers may obtain information by writing to the Assistant Deputy Administrator for Small Vessels, War Shipping Administration, Washington 25, D. C.

Locations, names, official numbers, and types of the vessels are as follows:

Located at Little Creek, Va.—Gigi, 233676, shrimp fishing boat; Madonna, 234273, shrimp trawler; Victor, 241514, shrimp fishing boat.

Located at New Orleans, La.—Ruth O., 232830, shrimp trawler.

Located at San Diego, Calif.—New Ambassador, 234269, purse seiner.

Located at San Pedro, Calif.—Jackie Jo, 240292, purse seiner.

Located at Bellevue, Wash.—Spencer, 210996, cannery tender.

Film on Shell Fishing Available

The Fish and Wildlife Service has added to its film library a one-reel, 16 mm. black and white sound film entitled, "Shell Fishing." This motion picture depicts the methods of fishing for clams, oysters, crabs, and lobsters. Hoes, dredges, tongs, rakes, and pots are shown being used for taking these shellfish. Shucking oysters and clams is shown, as well as steaming and picking crab and lobster meat. Other interesting scenes on shellfishing, packing, and shipping are shown, too. The film was produced by Erpi Classroom Films, Inc., as part of their educational series.

This film, as well as others, may be borrowed by any responsible group, firm, or individual for exhibition purposes. It is recommended highly for its entertainment and educational value.

For use of the film write to the Division of Information, Fish and Wildlife Service, Merchandise Mart, Chicago 54, Illinois. When ordering, designate the date of showing and order at least four weeks before this date.

Michigan Canners to Meet

An important meeting of the Michigan Canners' Association will be held June 3 and 4 in conjunction with that Association's Board of Directors meeting at the Park Place Hotel in Traverse City. Matters of extreme importance to the canning industry will be discussed at that time.

While the meeting will be "streamlined" due to travel restrictions, all active members are particularly urged to have one member of their company represent them at the meeting.

Cuban Pineapples Sold in U. S.

Excellent prices for fresh pineapples prevailing in the United States has caused shippers in Cuba to facilitate movement of the fruit to the American market and in much larger quantities than was originally anticipated, according to the U. S. Department of Commerce. Prevailing prices for fresh pineapples as compared with the ceiling price for canned pineapples will greatly curtail the pack of canned fruit in Cuba, the department said.

Dry Bean Subsidy Extended

The Government's price-support subsidy program for 1944-crop dry edible beans, originally scheduled to expire June 30, 1945, has been amended to permit subsidy payments until August 31, 1945, according to the War Food Administration. The closing date of June 30, 1945, was originally established because appropriations to carry on beyond that date had not yet been made available.

OPA REPLIES TO QUESTIONS CONCERNING AMENDMENT OF JANUARY 11, 1945, TO JUDGE VINSON DIRECTIVE

In the INFORMATION LETTER for March 24, 1945, page 8564, there was published the text of a series of inquiries directed by Chairman Howard T. Cumming of the Canning Industry Advisory Committee to Edward F. Phelps, Price Executive for the Office of Price Administration's Food Price Division, concerning the purpose and meaning of Amendment 1 to Directive 25, which was issued on January 11, 1945, by the then Director of Economic Stabilization Fred M. Vinson. The text of this amendment was published in INFORMATION LETTER No. 1019 for January 13, 1945, page 8482. Chairman Cumming has made available for publication Mr. Phelps' reply to these inquiries. The text of Mr. Phelps' letter follows:

I have your letter of January 20, 1945, requesting clarification of the operation of the Subsidy Program directed by the Office of Economic Stabilization to compensate for certain wage increases approved by the War Labor Board long after 1944 prices on canned fruits and vegetables were established. I regret sincerely the time which has elapsed but I believe you are familiar with some of the factors which have contributed to delay.

At the outset, I should like to point out that the problem presented by these wage increases is, as you know, one which could not possibly be handled pricewise for civilian sales. Since many of the wage adjustments were in indefinite amounts which could not be calculated and allocated to canners' products on a pay as you go basis, the increased cost could not be translated into an increased price with anything approaching accuracy until too late to be effective. Moreover, the retroactive character of the wage orders meant that they applied to products that had already been sold. Hence the Director of Economic Stabilization, on the Administrator's recommendation, concluded that only subsidy treatment of these wage increases on products sold to civilians could afford the canners equitable treatment.

The wage increases, however, presented a problem not provided for in the original canning program. If the increases had been granted before price relief became impossible, they would enter into the calculation of prices on an industry or area basis as the original program contemplated. But they were granted long after the establishment of maximum prices. In view of this, we were forced to fashion some relief for which the method was not provided in terms of the Directive of April 6.

The Director of Economic Stabilization was of the opinion that increased costs which were not and could not be included in the calculation of the 1944 prices *before* those prices were set, were not required by the original program to be completely unabsorbed. However, he felt that in view of the tenor of the original program they were not to be completely absorbed. He concluded that the payment of subsidy money on a dollar for dollar basis to an industry and to many processors who might have exceeded the target return, possibly by substantial sums, would be both inconsistent with the policies of our overall pricing program requiring absorption of increased costs wherever reasonable, and an unconscionable expenditure of government money.

Therefore, the Director decided that the most equitable treatment of both canners and the government would be individualized subsidy payments in the manner of the payments on the 1943 pack. This, he felt, would not only be consistent with this agency's efforts at individualization wherever administratively feasible but would take care of hardship cases and not penalize those who did not have the capacity to absorb unanticipated cost increases. By using the industry target profit as the standard, each canner is assured at least that return to the extent that his failure to come up to it is attributable to his increased labor cost.

Turning now to the specific questions, the sample or representative group of canners and the weighted average to be used by this office concerning which you inquire in your first question, are the sample and average this office used in applying Paragraph 5 of the Directive of April 6.

Your second and third questions are answered by the above discussions. The inconsistency to which you refer was felt by the Director of Economic Stabilization to be merely apparent. He believed that the administration of price relief by this office on an industry or area wide basis did not require that subsidy relief be handled only on that basis, and that this particular subsidy relief is by its nature something which was neither promised nor contemplated in the original program proposed at Chicago. Moreover, since it is designed to meet a wholly new and unanticipated problem—that of cost increases occurring *after* prices were set, the Director was of the opinion that some absorption of such costs was not precluded by the pricing program he approved on April 6, and yet was required by our over-all pricing policy.

And finally, your last question as to the requirement with respect to officers' payrolls may most easily be answered by referring to the 1943 subsidy hardship program. The possibility that the standards governing relief established in the Directive could be circumvented by unusual adjustments in officers' salaries required this action.

I repeat my regret that you have not had an earlier answer to your letter. I trust, however, that this explanation will make clear the basis of our action.

Designated Prices for Sweet Cherries for Canning Issued

State average grower prices for sweet cherries for processing that will be used in the construction of ceiling prices for the 1945 pack of processed cherries were announced on May 25 jointly by the War Food Administration and the Office of Price Administration. Also announced are prices applicable to certain districts and to certain grades, based on the State averages. These prices are the same as those announced in 1944.

If the average price paid by any processor is less than the announced price, his ceiling prices for processed cherries will be based only upon the actual average price paid. Where grower prices are announced by grades and districts, such as for California canning cherries, and the average price paid is less than the announced price for each such classification, the processor's ceiling prices will reflect this reduced raw material cost.

In order to participate in the guaranty purchase program for canned sweet cherries, announced March 26, canners must pay for each purchase of sweet cherries for canning not less than the applicable price for the raw fruits as announced. The following State average grower prices were announced in dollars per ton: For canning and freezing — California, $233; other States, (Black varieties) $225, (White varieties) $215; and for brining—California, $215; other States, $205.

The following price schedules for California, shown in dollars per ton, represent the district and grade prices for raw fruit that processors should be able to pay under their 1945 ceiling price structure:

	Canning and freezing	Brining
District I:		
Grade 1	$260	$260
Grade 2	195	195
Doubles	...	98
District II:		
Grade 1	235	235
Grade 2	176	176
Doubles	...	88
District III:		
Grade 1	210	210
Grade 2	158	158
Doubles	...	79

District I includes these counties: Santa Clara, Alameda, Santa Cruz, and Monterey. District II includes the counties of Sonoma, Solano, Napa, and West Contra Costa (West of Mt. Diable Meridian). District III includes the counties of San Joaquin, Stanislaus, Sacramento, Placer, Yuba, Sutter, Butte

and the remainder of Contra Costa county.

Grade 1 canning and freezing cherries in California are 85 or less to the pound and Grade 2 are 86 to 120 to the pound, including stems. Grade 1 brining cherries are 100 and less to the pound, and Grade 2 are 101 to 120 to the pound, including stems.

Prices for black varieties of cherries grown in Washington and Oregon for canning and freezing are $237 per ton for Grade 1 and $150 per ton for Grade 2, and for white varieties are $217 per ton for Grade 1 and $157 per ton for Grade 2.

Grade 1 canning cherries of the black varieties are 70 or less to the pound without stems and for white varieties 85 or less to the pound including stems. Grade 2 canning cherries of the black varieties are 71 to 110 to the pound without stems and for white cherries 86 to 120 to the pound including stems.

No grade or area price classifications were announced for brining cherries for States other than California and for canning and freezing cherries for States other than California, Oregon and Washington. Grower prices for all States are at the processors' customary receiving points and are based upon the customary grading procedure and customary tolerance for defects.

New USDA Process Removes Nightshade Berries from Peas

A method for separating nightshade berries from shelled peas has been developed by the U. S. Department of Agriculture. A patent application is pending for the process, which is based on the difference in the wetability of shelled peas and nightshade berries. This difference is enhanced by applying a very small quantity of mineral oil in a preliminary treatment, after which the peas are fed mechanically into the top of a tank containing a foaming emulsion.

With properly adjusted conditions as regards quantity of oil and foaming agent, the nightshade berries, other weed seeds, and debris float out of the tank, while the peas sink and emerge from the bottom. Most of the oil is removed by rinsing, and all but a minute trace is removed in the usual blanching operation before canning.

According to the 1944 report of the Chief of the U. S. Bureau of Agricultural and Industrial Chemistry, "Nightshade is a troublesome weed in the commercial pea-growing areas of Oregon and Washington, where about one-fourth of the Nation's supply of canned peas is packed. Its immature berries, which closely resemble peas, sometimes contaminate mechanically harvested and shelled peas because they are not removed by the usual cleaning equipment.

"Removal of the berries on inspection belts is so difficult as to be impractical at times, and it becomes necessary to reject heavily contaminated lots or to avoid cutting portions of fields badly infested with nightshade weeds. Some large canners in Washington estimated that rejections represented from 3 to 10 per cent of their total pea crop in 1941. Applied to all the peas grown in Washington and Oregon that year this proportion would mean a waste of from 4 to 14 million pounds of shelled peas.

"In order to prevent this loss of food and profits, a flotation process for removing nightshade berries and other foreign material from mechanically shelled green peas was worked out in the field laboratory at Pullman, Washington, in cooperation with the Washington Agricultural Experiment Station and pea canners.

HOUSE ENDING DEBATE ON EXTENSION OF TRADE ACT

Senator Thomas Proposes Amendment to Pending OPA Legislation

The House on Tuesday began debate on the bill (H. R. 3240) to extend the life of the Reciprocal Trade Agreements Act, with the expectation of reaching a vote Saturday or early in the following week. Most of the debate related to the provision permitting an increase or a decrease of 50 per cent in the rates of duty in effect on January 1, 1945, and limitation of the extension of the Act to a shorter period.

Senator Thomas of Oklahoma, Chairman of the Senate Agricultural Committee which reported last week on its investigations on food shortages, introduced a proposed amendment to the bill (S. J. Res. 30) extending the life of the Emergency Price Control Act. This amendment would add the following proviso to section 3 of the Act:

Provided further, That on and after the date of the enactment of this proviso, it shall be unlawful to establish or maintain against any processor a maximum price for any major product (applied separately to each major item in the case of products made in whole or major part from cotton or cotton yarn) resulting from the processing of any agricultural commodity, or maximum prices for the products of any species of livestock (such as cattle, hogs, or sheep) (the products of each species of livestock to be taken as a group in establishing or maintaining such maximum prices) which does or do not equal all costs and expenses (including all overhead, administrative, and selling expenses allowed as expense deductions in computing Federal income and excess profits tax liability) incurred in the acquisition of the commodity or species of livestock and in the production and distribution of such product or products plus a reasonable profit thereon, not less than the profit earned thereon by such processor during a representative base period.

Hearings were begun on Tuesday before the House Agricultural Committee on legislation to establish on a permanent basis school lunch programs designed to "encourage the domestic consumption of nutritious agricultural commodities and other food." The House bill (H. R. 3143) was introduced by Representative Flannagan. The Senate bill is S. 962, introduced by Senators Russell and Ellender.

The House agreed to a conference requested by the Senate on the bill to provide for further development of cooperative agricultural extension work, including canning and food preservation, and appointed as conferees Representatives Flannagan, Zimmerman, Pace, Hope and Kinzer.

Companion bills to extend Social Security benefits to an additional 15 million persons, including agricultural workers, and to provide Federal grants for health insurance, higher unemployment compensation, and public assistance benefits were introduced in the Senate and House on Friday. Senators Wagner and Murray sponsored the Senate bill (S. 1050) and Representative Dingell the House bill (H.R. 3293).

The proposed legislation would levy payroll assessments of 4 per cent each on employer and employee instead of the present 1 per cent and would provide grants to States of $950,000,000 over a ten-year period for hospital construction; grants for public health services maternal and child health and welfare services; a comprehensive public assistance program; establishment of a permanent U. S. employment service system; prepaid personal health insurance; higher unemployment compensation and temporary disability insurance, and retirement, survivors' and total disability benefits up to $120 a month.

Terhune Succeeds Sette

Hugh W. Terhune, former enforcement officer in the San Francisco office of the Coordinator of Fisheries, has been appointed Area Coordinator for the State of California to succeed O. E. Sette, who will return to his former position of director of biological investigations of fisheries in the Fish and Wildlife Service.